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Tobacco and Products

Annual

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Report Highlights:

Zimbabwe's MY 2000 tobacco crop is estimated at about 227,000 tons, up 14% from 1999. The average yield could be the highest on record even though farmers cut back on the area planted. Although the quality of the crop is high, sales to date have been slow and prices disappointing. Deliveries have been slow due to the social unrest and fuel shortages in the country. In addition, some producers are holding back supplies in anticipation of a devaluation of the Zimbabwe dollar. U.S. Dollar prices for Zimbabwean tobacco may be low due to concern about the long term supply of tobacco from the country.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

The rains for the summer of 1999/2000 were generally above average for most of the tobacco growing areas, even though prolonged dry spells were experienced in the first half of the season. As a result, nearly all farm dams are full and the proportion of irrigated tobacco in MY 2001 is expected to be slightly greater than that of MY 2000. Total un-manufactured tobacco production in MY 2000 is estimated at 227 245 MT, up from 198 927 MT in MY 1999. Yields in MY 2000 may well be the highest ever recorded.

Flue cured production for MY 2000 is forecast at 220 000 MT, up from 192 145 MT in MY 1999. Following the dry spells in the early part of the season, the quality of the crop is expected to be slightly better than that of MY 1999 with a greater spread of styles and qualities. Average prices (per kg) paid to producers in MY 1999 was Z\$66.28 (US\$1.74), up from Z\$37.74 (US\$1.72) in MY 1998. The auction floors opened on 2 May, 00. Burley production is forecast at 7 200 MT in MY 2000, up from 6 751 MT in MY 1999. The prolonged wet spells in the latter part of the season has caused some curing problems but has enabled growers to produce a well grown crop with a wide variety of styles and qualities. The average price (per kg) paid for Burley was Z\$50.71 (US\$1.33) in MY 1999, up from Z\$24.80 (US\$1.32) in MY 1998. The auction floors opened on 2 May in Harare and on 4 May 2000 in Mutare.

Sales to date has been disappointing, the following table highlights the situation after the first two weeks:

Summary of net sales (Excluding resales)	2000	1999
Mass sold, million kg.	5.6	7.6
Value, ZW\$ million	228.8	378.2
Value, US\$ million	6.0	9.9
Average price - ZW\$/kg	41	50
Average price - Usc/kg.	108	130

Despite the increase in output, sales are being hampered by the current social unrest in Zimbabwe with commercial farmers slow to deliver due to land invasions and fuel shortages. The Governments reluctance to devalue the Zimbabwe dollar is compounding the situation. Not only are the prices in US Dollar terms lower than in the previous season but producers have suffered from inflation of between 45-70% over the last year while the currency stayed constant. Prices at the auctions are probably also depressed due to concerns over the long term supply prospects for Zimbabwe. The present social unrest could cause the loss of some big producers while buyers are interested in consistent long term supplies of specific grades and styles for their mixes.

The marketing year used throughout this report is the year in which the crop is sold. For example, MY 1998 refers to the crop planted during the summer of 1997/98 and sold during the winter of 1998.

As at 07 April, 1999, US\$1.00 = Z\$38.2000

Situation and Outlook

Un manufactured Tobacco, Total

Production Table						
	Area Planted			Production		
	Hectares			Metric Tons		
	1998	1999	2000	1998	1999	2000
Burley	7251	6092	7400	8035	6751	7200
Dark Air Sun	0	0	0	0	0	0
Dark Air Cured	0	0	0	0	0	0
Dark Fire Cured	0	0	0	0	0	0
Flue Cured	91905	81152	78000	215914	192145	220000
Light Air Cured	0	0	0	0	0	0
Oriental	410	410	450	28	31	45
	99566	87654	85850	223977	198927	227245

PSD Table						
Country:	Zimbabwe					

Commodity:	Tobacco, Unmfg.					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	99566	99566	91910	88286	94020	85850
Beginning Stocks	78425	78425	98823	98823	61016	50818
Farm Sales Weight Prod	223977	223977	198866	198297	207533	227245
Dry Weight Production	192384	192384	170859	170910	178253	195298
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	45	45	45	60	45	45
TOTAL Imports	45	45	45	60	45	45
TOTAL SUPPLY	270854	270854	269727	269793	239314	246162
Exports	168804	168804	205500	215744	185600	174500
Dom. Leaf Consumption	3182	3182	3166	3171	3170	3174
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	45	45	45	60	45	45
TOTAL Dom. Consumption	3227	3227	3211	3231	3215	3219
TOTAL Disappearance	172031	172031	208711	218975	188815	177719
Ending Stocks	98823	98823	61016	50818	50499	68443
TOTAL DISTRIBUTION	270854	270854	269727	269793	239314	246162

Production

Plantings in MY 2000 were down from those of MY 1999, which led to initial forecasts for a drop in production in MY 2000. However, this reduction has not occurred as the dry spells experienced during the early part of the season were followed by good rains during the latter part of the season. The reduction in plantings is part of the industry's move to reduce production in line with international demand. Average prices for flue cured tobacco in MY 1999 were Z\$66.28/kg (US\$1.74), up from Z\$37.74/kg (US\$1.72/kg) in MY 1998 and Z\$26.57/kg (US\$2.33/kg) in MY 1997. Similarly, Burley prices in MY 1999 increased to Z\$50.77/kg (US\$1.44), up from Z\$24.80/kg (US\$1.32/kg) in MY 1998 and Z\$20.31/kg (US\$1.81/kg) in MY 1997. Growers were optimistic that prices in MY 2000 would be better than those of MY 1999 (in Z\$ terms), but to date prices have been disappointing. The value of the Zimbabwe Dollar has been managed by GOZ at around Z\$38.00 to US\$1.00 since January 1999, while the general view of banks is that the Zimbabwe dollar should devalue to ZW\$45 to \$50 to US\$1.

Consumption

In Zimbabwe, with more than 97% of total tobacco production being exported, domestic consumption has little or no influence on production policies. Zimbabwe's ability to sell its tobacco on world markets is the major factor determining production decisions.

Trade

The importation of tobacco into Zimbabwe is permitted. However, as one of the world's major exporters of tobacco, the only tobaccos imported into the country are small quantities of specialised types not produced here. Small quantities of fire cured tobacco are imported annually from Malawi for use in the manufacture of pipe tobaccos. Barter deals involving tobacco in exchange for merchandise are no longer encouraged by GOZ.

Export Trade Matrix			
Country:		Units:	Mt.
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	0	U.S.	0
Others		Others	
Far East	33230	EU	91700
U.K.	20921	Far East	49365
Europe less Eu	20721	Europe less EU	29713
Germany	17934	Middle East	13517
Africa	15851	Africa	17387
Belgium	14095	Oceania	2504
America's	12510	America's	9650
Netherlands	5039		
France	5029		
Middle East	4955		
Total for Others	150285		213836
Others not listed	18519		1908
Grand Total	168804		215744

Stocks

Stocks in March 2000 were 52 157 MT, down from 74 648 in March 1999 and 81 103 MT in March 1998. Decreased stock levels were due to precautions taken by merchants to forestall any Y2K problems and possible loss of stock. Current stock levels will not detract from prices to be paid for the current crop.

Production Policy

The Government of Zimbabwe (GOZ) does not control any aspect of tobacco production in Zimbabwe. The GOZ imposed a 5% levy on both producers and merchants on all tobacco sold in Zimbabwe during the MY 1996. The new law came into effect in July 1996. The levy was imposed in order to raise money desperately needed by GOZ. However, both merchants and producers complained that it was an unfair taxation on exports. GOZ does not even allow it to form part of normal company or individual taxes paid. Producers in all sectors have complained to GOZ that the levy has added 5% to their cost and has, in addition, reduced their prices as the merchants have borne this in mind when purchasing. Producers were successful in persuading GOZ to

reduce the levy to 2½% for both producers and merchants during the current fiscal year as the first step in its complete removal by the 2001 fiscal year.

Marketing

Tobacco is unique in Zimbabwe in that marketing has never been controlled by the GOZ. The GOZ parastatal, Tobacco Industries Marketing Board (TIMB), merely acts as an arbiter to resolve disputes between growers and merchants and to oversee the orderly marketing of all the tobacco crops.

Flue Cured Tobacco

PS&D Table						
Country:						
Commodity:	Flue Cured					

		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	91905	91905	85000	81152	87000	78000
Beginning Stocks	76989	76989	96147	96147	58929	47761
Farm Sales Weight Prod	215914	215914	192100	192145	200000	220000
Dry Weight Production	186334	186334	165782	165821	172600	189860
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	263323	263323	261929	261968	231529	237621
Exports	164176	164176	200000	211207	180000	170000
Dom. Leaf Consumption	3000	3000	3000	3000	3000	3000
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	3000	3000	3000	3000	3000	3000
TOTAL Disappearance	167176	167176	203000	214207	183000	173000
Ending Stocks	96147	96147	58929	47761	48529	64621
TOTAL DISTRIBUTION	263323	263323	261929	261968	231529	237621

Production

Flue-cured tobacco is generally produced in the better rainfall areas North and East of Harare where sandier soils predominate. The northern parts of the tobacco areas generally produce a fast ripening, high nicotine style of tobacco favoured by the Virginia cigarette manufacturer. These areas are generally below 4 000 ft altitude and are more dependent on the Inter Tropical Convergent Zone (ITCZ) for their rainfall. Nearer to, and East of, Harare a thicker, slower growing style of tobacco with a slightly lower nicotine content is produced. The latter style is more sought after for blended cigarettes. Irrigation facilities are increasingly spread throughout the tobacco growing areas and have greatly assisted in improving yields.

Crop Area

The area planted in MY 2000 showed a decline for the third successive year. The reduction of flue cured tobacco production was called for by the flue cured grower's organization, Zimbabwe Tobacco Association (ZTA) in order to assist in maintaining current prices (in US\$ terms). The following table indicates the changes taking place within the different plantings during the last five seasons.

Distribution of planting times during the season: %

Crop	MY 2000	MY 1999	MY 1998	MY 1997	MY 1996
Early	38	43	33	28	17

Main	61	56	60	62	68
Late	1	1	7	10	15
Total	100	100	100	100	100

Summer rains in 1998/99 were generally well above average and as a result, most farm dams were again full. This has enabled growers to irrigate to their full potential once more. The rains for the summer of 1999/2000 were generally again above average and the trend to expanding irrigation production is likely to continue.

The early crop is planted and grown under full irrigation. In previous years, this was planted in the first week of September. However, following advice from merchants, the crop is now generally planted towards the middle of September or early October. The intention is for the main growth period of the crop to be during the expected rainy season to encourage a more "natural" style of tobacco. The main crop is generally grown under dryland conditions and is planted from mid-October through to mid-November, depending on the onset of the rains. Water is used in planting this crop. The late crop is planted from late November to mid-December and it is generally planted with the rains. The latter crop is grown in the more northerly areas of the tobacco growing belt where the warmer climate enables it to grow better in March and April than in the more southerly, highveld growing areas.

Inputs

All the curing systems throughout the industry are either coal or wood fired. Where wood is used, it is grown on the farm in plantations or is obtained by clearing the natural bush to make way for cropping. Fertilizer and crop chemical were adequate but on occasion growers had to substitute alternatives as some chemicals were not available towards the end of the season.

Yields

National yields in MY 1999 were 2 365 kg/ha, marginally up from 2 349 kg/ha in MY 1998 and 2 047 kg/ha in MY 1997. The yields in MY 2000 are expected to be above 2 600 Kg/ha. Yields of the early irrigated crop planted in September are generally of the order of 3 000 - 3 600 kg/ha but yields in excess of 4 000 kg/ha are not uncommon. Yields of the main dry land crop vary between districts with the slow ripening areas reporting yields of up to 3 000 kg/ha while in the Northern faster ripening areas, yields are generally of the order of 2 700 kg/ha. Yields of the late crop are generally fairly poor, with the slow ripening areas achieving yields of the order of 2 000 - 2 200 kg/ha while in the Northern faster ripening areas yields are often as low as 1 500 - 1 800 kg/ha. One of the major reasons for the increase of national yields has been the impact of the new slow ripening high yielding varieties which have increased expected yields in Northern areas from 2 200 kg/ha to as high as 2 800 kg/ha.

Crop Quality

The crop quality over the previous 5 years is shown in the following table:

STYLE %	MY 1999	MY 1998	MY 1997	MY 1996	MY 1995
Ripe, spotted	13	16	31	44	15
Standard	56	44	31	32	55
Droughted	9	23	14	5	9
Green & non-descript	12	17	24	19	21
Total	100	100	100	100	100

The quality of the crop sold in MY 1999 is clearly shown in the table. There was a further reduction in the ripe, spotted styles, as well as a reduction in the green and non-descript qualities. The decrease in "droughted" styles is an indication of the improved curing conditions with less environmental stress from unexpected dry spells during the growing season. The significant increase in standard styles results from the prolonged overcast spells experienced during the growing season. The crop being marketed in MY 2000 is described as a good Zimbabwe crop with a wide variety of grades and styles.

Production Policy

Prices paid for flue cured tobacco are determined entirely by market forces. No GOZ assistance is given in any form at any stage of the industry.

Consumption

Zimbabwe is unique among the world tobacco producers in that more than 97% of production is exported. Therefore, domestic consumption has no influence on overall production trends. The future of the tobacco growing industry depends entirely on its ability to remain competitive in world markets.

Trade

As one of the world's major exporters of flue cured tobacco, imports are not encouraged by GOZ. The port of Beira, in neighbouring Mozambique, retains its importance for tobacco exports and 40% of tobacco exports were routed through this port. It is capable of handling up to 60% of national production but difficulties are being experienced with the railways transporting the tobacco to the port. As a result, merchants are now actively investigating using motor transport to get the tobacco to the port. The alternative export routes through South Africa to their ports, mainly Durban, are unlikely to be available before July 2000 due to the ravages of Cyclone Eline.

Policy

Flue-cured tobacco has traditionally been produced by the Large Scale Commercial (LSC) sector. Since Independence in 1980, GOZ has encouraged the production of flue-cured tobacco by Small Scale Commercial (SSC) and resettlement farmers.

To achieve these objectives, The Zimbabwe Tobacco Association (ZTA) established a training centre in 1988

with a limited intake of 20 students, to teach small growers the finer points of flue-cured tobacco culture. The centre has since been expanded to 50 students, and the initial batch of students have been settled on a farm where they are now putting into practice what they have learnt at the training centre. The total number of active small scale growers has increased from 135 in MY 1989 to 5 405 in MY 1999. Production from this sector has increased from 5 810 MT in MY 1997 and 6 000 MT in 1998 but declined to 4 161 MT in MY 1999 due to the wet and overcast season. Forecast production in MY 2000 is expected to be in excess of 6 000 MT. The GOZ's overall agricultural policy is to encourage the LSC sector to produce export orientated products, while the peasant or communal sector is being encouraged to increase production of basic food crops and less sophisticated export crops.

In July, 1986, the Tobacco Industries Marketing Board (TIMB), on the advice of the ZTA, suspended all production controls. The need for production controls is reviewed annually in July and it seems unlikely that they will be reimposed in the foreseeable future.

Marketing

Daily wastage is a term used for the amount of tobacco that is offered on the marketing floor more than once when:

- a) the grower is dissatisfied with the price offered,
- or b) the product handling is substandard and buyers require it to be re-packed before sale.

Daily wastage is used as a measure of the dissatisfaction of growers with prices. Daily wastage in MY 1999 was 13.77%, down from 14.11% in MY 1998 and 14.58% in MY 1997, indicating the growers were not entirely dissatisfied with prices received.

In February 1992, GOZ decided that tobacco to be sold in MY 1992 would be sold in US dollars, but growers would continue to be paid in Zimbabwe dollars using the daily rate of exchange to convert between the two currencies. The objective was to minimise the influence of currency speculation on the market place and to make the daily sales easily understood by overseas merchants. These objectives have so far been achieved. The changes have been welcomed by growers as the larger unit of currency has speeded up the process of selling. This system of selling has been retained for the foreseeable future.

Burley tobacco

PS&D Burley						
Country:						
Commodity:	Burley					

		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	7251	7251	6500	6092	6600	7400
Beginning Stocks	1421	1421	2675	2675	2087	3057
Farm Sales Weight Prod	8035	8035	6741	6751	7500	7200
Dry Weight Production	6026	6026	5056	5063	5625	5400
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	7447	7447	7731	7738	7712	8457
Exports	4628	4628	5500	4537	5600	4500
Dom. Leaf Consumption	144	144	144	144	144	144
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	144	144	144	144	144	144
TOTAL Disappearance	4772	4772	5644	4681	5744	4644
Ending Stocks	2675	2675	2087	3057	1968	3813
TOTAL DISTRIBUTION	7447	7447	7731	7738	7712	8457

Production

Burley is grown mainly in the north-east of Zimbabwe (Centenary, Chiweshe, Mount Darwin and Madziwa) and in the Eastern Highlands (Nyamaropa, Burma Valley and Chipinge). These areas have the better rainfall and longer periods of higher relative humidity needed to cure the crop.

Burley tobacco is grown by the LSC, SSC and peasant sectors with the LSC sector now producing less than half the crop. The crop is sold over 2 auction floors (situated in Harare and Mutare) on alternate weeks. The area planted in MY 1999 showed a decrease, when compared to MY 1998, due to the difficulties in obtaining production finance by all sectors.

Yields

Yields in Kg. /ha. for the various sectors for the last five years are shown in the following table:

Sector	MY 1999	MY 1998	MY 1997	MY 1996	MY 1995
Large scale commercial	1580	2148	1666	2075	2266

Small scale commercial	453	626	366	518	533
Communal	927	982	609	713	861
Resettlement	677	686	534	961	780
Co-ops. Etc.	954	884	1353	1455	791
NATIONAL YIELD	1004	1108	803	1232	1477

A significant portion of the crop grown by the LSC is under irrigation, hence the consistency of the yields. The table clearly shows that, because of the less sophisticated land preparation and grower techniques of the other sectors, their yields are more susceptible to the influence of the season than the LSC sector. It is reported that some growers in the LSC sector who have grown irrigated Burley have achieved yields in excess of 3 000 kg/ha. Efforts are continuing to improve yields in the SSC and peasant sectors.

GOZ is increasing the extension effort into suitable Burley growing areas in order to improve yields in these sectors. Yields in MY 2000 are expected to be similar to those of MY 1999. However, significant losses were experienced in the East of Zimbabwe due to the winds which accompanied Cyclone Eline. The influence will be more severe in the SSC and communal sector than LSC sector.

Quality

The quality of the crop sold in MY 1999 showed a reduction in fine and good quality leaf and an increase on low and poor qualities due to the very wet conditions experienced during curing. The crop to be sold in MY 2000 is expected to be similar or better than that of MY 1999.

Oriental Tobacco

PS&D Oriental						
Country:						
Commodity:	Oriental					

		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	410	410	410	410	420	450
Beginning Stocks	15	15	1	1	0	0
Farm Sales Weight Prod	28	28	25	31	33	45
Dry Weight Production	24	24	21	26	28	38
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	39	39	22	27	28	38
Exports	0	0	0	0	0	0
Dom. Leaf Consumption	38	38	22	27	26	30
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	38	38	22	27	26	30
TOTAL Disappearance	38	38	22	27	26	30
Ending Stocks	1	1	0	0	2	8
TOTAL DISTRIBUTION	39	39	22	27	28	38

Cigarettes

PSD Table						
Country:	Zimbabwe					
Commodity:	Tobacco, Mfg., Cigarettes					

		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Filter Production	3390	3390	3890	3790		4000
Non-Filter Production	0	0	0	0	0	0
TOTAL Production	3390	3390	3890	3790	0	4000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	3390	3390	3890	3790	0	4000
Exports	1300	1300	1800	2000	0	2000
Domestic Consumption	2090	2090	2090	1790	0	2000
TOTAL DISTRIBUTION	3390	3390	3890	3790	0	4000

Production for MY 1999 was below expectations due to the harsh economic conditions prevailing. As a result, disposable income steadily declined throughout the year. However, exports were slightly above expectations. Indications are that there will be some recovery in MY 2000.

With further liberalisation of the foreign currency markets, the industry no longer has difficulty in purchasing imported items required in the manufacture of cigarettes. No international brands are manufactured in Zimbabwe and only filter tip cigarettes are produced. There are only two cigarette manufacturers in Zimbabwe and their "market sharing" arrangement, which originated in the early 1970's, ended in May 1998. As a result, there has been free competition in the market place for sales and this has kept the prices at realistic levels.

The major competitor for manufactured tobacco products is raw tobacco which is stolen from farm grading sheds, the tobacco auction floors and the packing houses. This raw tobacco is then sold on the black market to consumers, who roll it in strips of old newspaper to make their own "roll your own" cigarettes. The cost to the consumer is much below the manufactured product, with, of course, GOZ getting no excise duty. Efforts to contain the sale of this raw tobacco have met with very little success. Manufacturers currently estimate that the sale of raw tobacco is equal to the total sales of excisable products.

Consumption

Excise duty on tobacco products is ad valorem. In January 1995, GOZ increased the excise duty to 80% of production costs and it has remained at this level ever since. Manufacturers are currently capable of producing 3 600 million pieces annually.

Efforts are continuing to develop a lower price band to suit the lower end of the market. However, the competition from raw leaf has significantly detracted from the opportunities of the market.

Trade

In order to supplement domestic sales, manufacturers are actively exploring export opportunities. They continue to make efforts to penetrate this very volatile market, particularly in neighbouring countries.

Stocks

Now that production can keep pace with domestic sales, small stocks have been built up. These stocks however are only kept at a level to ensure even distribution throughout the country.

Production Policy

GOZ does not discourage the production of tobacco products and the anti-smoking campaign is very low key. Manufacturers are allowed to determine what products to produce. No assistance is given by GOZ to manufacturers of cigarettes. The Ministry of Health is actively campaigning against the sale of any tobacco products, even though the poorer consumers are smoking raw tobacco wrapped in strips of newspaper.

Quality, Safety and Health Regulations

An agreement has been reached between manufacturers and the Ministry of Health on warnings to be placed on all cigarette packets. In addition, any advertising in the print and electronic media must carry warnings to indicate that "Smoking maybe harmful to your health".

Marketing

Market Development Opportunities

With the importation of tobacco products now permitted by GOZ, there is a possible opportunity for U.S. tobacco products. However, it is extremely unlikely that they will be able to compete because of their high price. The two cigarette manufacturing companies entered into a market sharing arrangement in the late 1970's when international brands were withdrawn from the domestic market because of the restrictions on importing quality packaging. Originally, in the "market sharing arrangement" both companies made and sold all domestic brands. Subsequently, because of different blends used by different manufacturers, it has been agreed that each manufacturer will make and distribute only certain brands. This will greatly improve the uniformity of the blends for specific brands. This arrangement has been condoned by GOZ as the only alternative to closing one factory.

The "market sharing" arrangement came to an end in May 1998 and as a result, the two manufacturers are now actively competing for the limited domestic market. As a result, it seems likely that one factory may be forced to close. Further, as the international parent companies of the two manufacturers are currently discussing a merger, it is unclear as to what future there will be for the two factories here in Zimbabwe.